

REMARKS

Claims 1-44 are pending and are unamended.

Request for Interview Prior to Formal Action on Amendment

Applicants request an interview prior to formal action on this response. An "Applicant Initiated Interview Request Form" accompanies this response. Please contact Applicants' undersigned representative to schedule the interview.

Specification Objection

The Abstract was amended to be between 50-150 words.

Prior Art Rejection

Claims 1-6, 8-14, 16-30, 32-37 and 39-44 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Application Publication No. 2004/0078271 (Morano et al.) in view of a newsletter from PriceWaterhouse Coopers (PWC), hereafter, referred to as "PWC."

Claims 7, 15, 31 and 38 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Morano in view of PWC and further in view of U.S. Patent No. 7,016,873 (Peterson et al.).

Applicants traverse the outstanding rejection for at least the reasons set forth below.

1. Background to Applicants' claimed invention

Paragraph [0007] of the present specification reads as follows (underlining added for emphasis):

A mutual fund investor cannot automatically presume that the entire amount of QDI reported in box 1b of the [new] Form 1099-DIV is entitled to the new 15% or 5% capital gains rate. This is because all of the dividend producing mutual fund shares owned by the individual investor may not have met the holding period requirement. That is, even though the mutual fund held the shares long enough so that the dividends are

QDI with respect to the mutual fund, an investor may not have held their mutual fund shares for the required period of time such that the dividends are QDI in the hands of the investor. Accordingly, each mutual fund investor has its own "personal qualified dividend income" (personal QDI) which will be an amount between \$0 (e.g., an investor who purchased all of their mutual fund shares within weeks of when dividends were declared) and the entire QDI (e.g., an investor who has not bought any new shares in the past year). The personal QDI is not reported on the Form 1099-DIV and there is no requirement for mutual funds to calculate what the personal QDI should be for a specific investor. It is estimated that a significant percentage of accounts managed by a mutual fund investment provider (perhaps 8-15%) will have a personal QDI each year that differs from the fund QDI.

2. Morano et al.

Morano et al., hereafter, referred to as "Morano," discloses a method for tax reporting that operates as follows:

1. A tax information database is accessed to retrieve aggregate tax reporting information and transactional tax reporting information corresponding to the aggregate tax reporting information.
2. A display screen of a client machine displays aggregate tax reporting information reported in a tax form, and transactional tax reporting information corresponding to the aggregate tax reporting information reported in the tax form. The tax form may be a Form 1099-DIV.

As correctly stated by the Examiner, Moreno does not specifically teach qualified dividend income (QDI) or personal QDI or a calculation engine used to determine whether holding period requirements are met for a specific investor.

3. PWC

Pages 6-7 of PWC is an article about JGTRRA that discusses QDI. PWC describes the general rules that are used to determine QDI, including the holding period requirement.

4. Examiner's rejection of independent claims and rebuttal thereof

The Examiner's rejection over the combination of Moreno in view of PWC is based on the following rationale:

1. It would have been obvious to include personal QDI in Moreno's process "for convenience to the customer in minimizing their tax liability and complying with then current law."

2. It would have been obvious to include a holding period obtained from account transaction history data when calculating the personal QDI, again, "for convenience to the customer in minimizing their tax liability and complying with then current law."

Applicants traverse this rationale as being a textbook example of improper hindsight recreation of Applicants' claimed invention where the claimed invention was used as a roadmap to select references and suggest how they can be modified.

First, the Examiner's proposed modifications to Moreno fail the new "obvious to try" test sanctioned by *KSR Int'l v. Teleflex Inc.*, 127 S. Ct. 1727 (2007), hereafter, "KSR". According to KSR,

"When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, it is likely the product not of innovation but of ordinary skill and common sense. In that instance the fact that a combination was obvious to try might show that it was obvious under §103." (emphasis added).

Thus, the fact that something was "obvious to try" might be sufficient to prove obviousness when:

- i. a design need or market pressure to solve a problem existed; and
- ii. there was a finite number of identified predictable solutions; and
- iii. the success anticipated by trying such solutions was realized.

Here, the Examiner has failed to identify the existence of any design need or market pressure to solve a problem. The Examiner states that the improved (Moreno) system would allow for "convenience to the customer in minimizing their tax liability and complying with then current law" However, Moreno's system is designed for use by financial systems and as stated in paragraph [0007] of the present specification, "there is no requirement for mutual funds to calculate what the personal QDI should be for a specific investor." Thus, there is no design need

or market pressure to provide the personal QDI capability in Moreno, and thus there is no motivation to make any such modifications to Moreno.

Second, PWC not only fails to disclose how to implement the claimed invention, but actually states that such implementation may be challenging to be both mutual fund investors and mutual fund companies. See, page 7 paragraph 1 of PWC which reads as follows (underlining added for emphasis):

The complexities of mutual fund investing as it relates to the new tax law may prove challenging to taxpayers, tax preparers and mutual fund companies in 2003. The year-end statements sent to mutual fund investors must separate dividends that qualify from those that do not. Taking this information and translating it to the tax return may prove to be a challenge as well, as the IRS now has to alter the forms and add additional lines.

Stated simply, PWC does nothing more than summarize the provisions of JGTRRA referred to in the background section of Applicants' specification (see, paragraphs [0001] through [0006]). It provides no disclosure of how to integrate the provisions of JGTRRA into a personal QDI calculation and even states that doing so "may prove challenging." Accordingly, there is no basis to modify Moreno to include a personal QDI in view of PWC.

5. Patentability of independent claims 1, 9, 17, 22, 25, 32, 39 and 43 over Moreno in view of PWC

Each of these claims recite either a "QDI calculation engine...to automatically determine the personal QDI" (claims 1, 25), "automatically determining the personal QDI...using a QDI calculation engine" (9, 17, 32, 39) or "automatically performing a personal QDI calculation" (claims 22 and 43).

Each of these claims were rejected based on the rationale discussed above, namely, that it would have been obvious to add a personal QDI feature to Moreno. However, as discussed above, the Examiner's rationale is flawed for at least the two highlighted reasons.

Applicants' disclosure provides a detailed explanation of how to automatically perform personal QDI calculations for individual investors using apparatus and databases that contain all of the information necessary for such calculations. The disclosure provides 20 sheets of

schematic block diagrams, flowcharts, spreadsheets and user interface display screens, accompanied by 27 pages of explanation. In contrast, PWC provides no explanation whatsoever of any systems, methods or databases that are required to perform such calculations, and even states that doing so “may prove challenging.” Furthermore, in view of the fact that there is no requirement for mutual funds to calculate what the personal QDI should be for a specific investor, the modification to Moreno is inherently flawed because there is no design need or market pressure to even solve the problem of providing a personal QDI feature in Moreno.

In sum, the independent claims are believed to be patentable over the applied combination, and thus withdrawal of the rejection is respectfully requested.

6. Additional reasons for patentability of independent claims 22 and 43 over Moreno in view of PWC

Claim 22 reads, in part, as follows (underlining added for emphasis):

- (b) automatically performing a personal QDI calculation for each of the recipients;
- (c) automatically comparing the personal QDI and the QDI on the Form 1099-DIV; and
- (d) generating a personal QDI statement for only the mutual fund investors that have personal QDI that is less than the QDI on the Form 1099-DIV

As discussed in paragraph [0007] of the background section of the present application, “It is estimated that a significant percentage of accounts managed by a mutual fund investment provider (perhaps 8-15%) will have a personal QDI each year that differs from the fund QDI.” By generating personal QDI statements for only those investors who need one, the amount of paperwork that is generated by the mutual fund and forwarded to investors can be minimized (paragraph [0031] of the present application). Using the numbers stated in the present application, 85-92% of investors will not need a personal QDI statement.

In the outstanding Office Action, the Examiner provides no additional rationale for generating personal QDI statements for only those investors who need one. Thus, even if personal QDI statements were added to Moreno in view of PWC, the resultant modified version of Moreno would generate personal QDI statements for all investors, even if the personal QDI is

the same amount as the QDI on the Form 1099-DIV. That is, the invention concept of generating personal QDI statements for only those investors who need one is lacking in both of the applied references.

Further modifying Moreno to generate personal QDI statements for only those investors who need one would likewise constitute an improper hindsight recreation of Applicants' claimed invention where the claimed invention was used as a roadmap to select references and suggest how they can be modified. Again, there is no design need or market pressure to do so. Also, not only does PWC fail to disclose how to integrate the provisions of JGTRRA into a personal QDI calculation and even states that doing so "may prove challenging," but PWC also fails to disclose or suggest that one would do so selectively for only certain investors.

Claim 43 is believed to be patentable for the same reasons as discussed above with respect to claim 22.

7. Patentability of dependent claims

The dependent claims are believed to be allowable because they depend upon respective allowable independent claims, and because they recite additional patentable steps.

Conclusion

Insofar as the Examiner's rejections were fully addressed, the instant application is in condition for allowance. Issuance of a Notice of Allowability of all pending claims is therefore earnestly solicited.

Respectfully submitted,

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